

Karoo Hoogland

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2011

KAROO HOOGLAND LOCAL MUNICIPALITY

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Auditor General	
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes In Net Assets	5
Cash Flow Statement	6
Accounting Policies	7 - 25
Notes to the Financial Statements	26 - 57
APPENDICES - Unaudited	
A Schedule of External Loans	58
B Analysis of Property, Plant and Equipment	59
C Segmental Analysis of Property, Plant and Equipment	60
D Segmental Statement of Financial Performance - Municipal Votes	61-62
E Actual Versus Budget (Revenue and Expenditure)	63-64
F Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	65

KAROO HOOGLAND LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

GENERAL INFORMATION

NATURE OF BUSINESS

Karoo Hoogland Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Karoo Hoogland Municipality includes the following areas:

*Williston
Fraserburg
Sutherland*

MEMBERS OF THE MAYORAL COMMITTEE

Mayor
Councillor
Councillor
Councillor
Councillor
Councillor
Councillor

From 18/5/2011

*J.P. Julies
C.M Fortuin
J.J. van der Colff
J.E. Davids
G. Beukes
A.C. van Wyk
P.J. van Wyk*

To 17/5/2011

*J.J. De Wee
J.K. Malho
C.D. Malan
J.J.J. Storm
S.J.C. Theron
J.J. van der Colff
M.M. van Wyk*

MUNICIPAL MANAGER

Mr L. Nothnagel

CHIEF FINANCIAL OFFICER

Dr. M.K. Botha

from 1/2/2011

REGISTERED OFFICE

*Private Bag x3
WILLISTON
8920*

*Mulder Street
WILLISTON
8920*

AUDITORS

*Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300*

PRINCIPLE BANKERS

ABSA Bank, FRASERBURG

ATTORNEYS

*GW Kempen & De Wet Nel
Johannes G Coetzee & Seuns*

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

KAROO HOOGLAND LOCAL MUNICIPALITY

MEMBERS OF THE KAROO HOOGLAND LOCAL MUNICIPALITY

WARD	COUNCILLOR from 18 May 2011	COUNCILLOR to 17 May 2011
1	C.M. Fortuin	J.K. Malho
2	J.P. Julies	J.J.J. Storm
3	J.J. van der Colff	J.J. van der Colff
4	J.E. Davids	J.J. De Wee
Proportional	G. Beukes	C.D. Malan
Proportional	A.C. van Wyk	S.J.C. Theron
Proportional	P.J. van Wyk	M.M. van Wyk

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 70 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Mr L. Nothnagel
Municipal Manager

31 August 2011

Date

KAROO HOOGLAND LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Notes	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net Assets		165 374 413	34 756 212
Accumulated Surplus/(Deficit)		165 374 413	34 756 212
Non-Current Liabilities		5 748 660	5 644 591
Long-term Liabilities	2	2 412 452	2 494 148
Employee benefits	3	3 336 208	3 150 443
Current Liabilities		14 877 715	11 052 864
Consumer Deposits	4	164 507	111 454
Current Employee benefits	5	1 569 617	1 035 166
Provisions	6	358 634	358 634
Trade and other payables	7	5 077 492	3 576 103
Unspent Conditional Government Grants and Receipts	8	7 563 874	4 936 620
Taxes	9	1 339	809 571
Cash and Cash Equivalents	18	-	-
Current Portion of Long-term Liabilities	2	142 252	225 317
Total Net Assets and Liabilities		186 000 788	51 453 667
ASSETS			
Non-Current Assets		173 031 504	43 867 662
Property, Plant and Equipment	10	153 077 664	24 626 450
Investment Property	11	18 157 800	18 193 600
Intangible Assets	12	558 555	638 348
Long-Term Receivables	13	1 237 485	409 263
Current Assets		12 969 284	7 586 005
Inventory	14	8 424	5 858
Trade Receivables from exchange transactions	15	4 700 600	2 482 733
Other Receivables from non-exchange transactions	16	1 650 839	1 194 037
Unpaid Conditional Government Grants and Receipts	8	-	492 781
Operating Lease Asset	17.1	2 517	2 517
Cash and Cash Equivalents	18	6 606 904	3 408 079
Total Assets		186 000 788	51 453 667

KAROO HOOGLAND LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 (Actual) R	2010 (Actual) R
REVENUE			
Revenue from Non-exchange Transactions		42 930 558	17 949 453
Taxation Revenue		3 103 190	1 681 676
Property taxes	19	3 103 190	1 681 676
Transfer Revenue		39 821 633	16 215 380
Government Grants and Subsidies - Capital	20	7 593 348	2 769 495
Government Grants and Subsidies - Operating	20	32 227 243	13 444 840
Public Contributions and Donations	21	1 042	1 045
Other Revenue		5 736	52 397
Actuarial Gains		-	42 736
Fines		5 736	9 661
Revenue from Exchange Transactions		12 783 049	9 798 755
Property Rates - penalties imposed and collection charges		184 936	269 558
Service Charges	23	9 626 254	8 404 473
Rental of Facilities and Equipment		518 737	446 229
Interest Earned - external investments		108 887	53 734
Interest Earned - outstanding debtors		329 500	420 661
Licences and Permits		2 183	9 751
Agency Services		812 422	8 297
Other Income	24	1 200 131	186 054
Total Revenue		55 713 607	27 748 208
EXPENDITURE			
Employee related costs	25	15 972 052	11 490 346
Remuneration of Councillors	26	1 114 276	863 366
Debt Impairment	27	(2 147 603)	319 816
Depreciation and Amortisation		13 586 428	778 179
Repairs and Maintenance		1 981 278	954 947
Unamortised Discount - Inrerest	22.1	76 804	75 838
Actuarial losses	3	-	-
Finance Charges	28	454 959	480 750
Bulk Purchases	29	3 837 059	2 899 358
Grants and Subsidies Paid	30	100 605	91 162
Other Operating Grant Expenditure		29 678 770	5 420 835
General Expenses	31	2 720 759	3 362 206
Nett Internal Charges		1 025 919	
Total Expenditure		68 401 306	26 736 803
Operating Surplus for the Year		(12 687 698)	1 011 405
Loss on disposal of Property, Plant and Equipment/Investment Property			
Gain on disposal of Property, Plant & Equipment/Investment Property			
NET SURPLUS/(DEFICIT) FOR THE YEAR		(12 687 698)	1 011 405

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

2

KAROO HOOGLAND LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other - Exchange Transactions		11 567 597	8 854 444
Cash receipts from ratepayers, government and other - Non-Exchange Transactions		45 095 794	21 777 306
Cash payments to suppliers and employees		(54 141 845)	(23 878 677)
Cash receipts and payments on VAT transactions		(808 232)	113 223
Cash generated/(absorbed) by operations	34	1 713 314	6 866 296
Interest Received		438 387	474 394
Interest Paid		(454 959)	(480 750)
Net Cash from Operating Activities		1 696 742	6 859 940
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(3 050 943)	(5 262 580)
Net Cash from Investing Activities		(3 050 943)	(5 262 580)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		-	-
New loans (repaid)		(241 565)	(213 358)
Increase/(Decrease) in Consumer Deposits		38 053	-
Rounding		-	1
Net Cash from Financing Activities		(1 031 734)	(213 356)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 385 934)	1 384 004
Cash and Cash Equivalents at the beginning of the year		3 408 079	-
Cash and Cash Equivalents at the end of the year	35	6 606 904	3 408 079
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3 198 825	3 408 079

INSERT ACCOUNTING POLICY

LONG TERM LIABILITIES

Annuity Loans - At amortised cost
Capitalised Lease Liability - At amortised cost

Less: Current Portion transferred to Current Liabilities

Annuity Loans - At amortised cost
Capitalised Lease Liability - At amortised cost

Plus: Unamortised charges on loans

Balance 1 July
Adjustment for the period
Restatement of prior year opening balance - Note 32.04
Restatement of prior year comparatives - Note 32.04

Total Long-term Liabilities - At amortised cost using the effective interest rate method

2011 R	2010 R
3 253 078	3 388 824
218 907	324 726
3 471 985	3 713 550
142 252	225 317
142 252	135 749
	89 568
3 329 733	3 488 234
(917 281)	(994 085)
(994 085)	(1 069 923)
76 804	75 838
-	-
-	-
2 412 452	2 494 148

Annuity loans at amortised cost is calculated at 5% interest rate, with maturity date of 31 December 2026.
The schedule of contractual maturity analysis for Annuity Loans:
The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year
Payable within two to five years
Payable after five years

Less: Future finance obligations

Present value of annuity obligations

**Minimum
annuity payments**

302 153	302 153
1 208 614	1 208 614
2 870 458	3 474 765
4 381 225	4 985 532
(1 128 147)	(1 596 708)
3 253 078	3 388 824

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year
Payable within two to five years
Payable after five years

Less: Future finance obligations

Present value of lease obligations

**Minimum
lease payments**

138 293	123 791
169 562	279 431
-	-
307 855	403 223
	(78 496)
307 855	324 726

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Leases are secured by property, plant and equipment - Note 10

EMPLOYEE BENEFITS

Actuarial valuations of benefits is done on 3 year basis. Last evaluation was done in 2009/2010 year and cognisance was taken of full amount in that year

Post Retirement Benefits - Refer to Note 3.1
Long Service Awards - Refer to Note 3.2

Total Non-current Employee Benefit Liabilities

2 720 673	2 561 266
615 535	589 177
3 336 208	3 150 443

Post Retirement Benefits

Balance 1 July
Contribution for the year
Expenditure for the year
Actuarial Loss/(Gain)

Total post retirement benefits 30 June

Less: Transfer of Current Portion - Note 5

Balance 30 June

2 722 090	2 579 538
(160 824)	(147 888)
331 850	310 735
	(20 295)
2 893 116	2 722 090
(172 443)	(160 824)
2 720 673	2 561 266

EMPLOYEE BENEFITS (CONTINUE)**Long Service Awards**

Balance 1 July	625 780	581 513
Contribution for the year	(36 603)	(68 903)
Expenditure for the year	134 905	135 611
Actuarial Loss/(Gain)		(22 441)

Total long service 30 June

724 082	625 780
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Less: Transfer of Current Portion - Note 5

(108 547)	(36 603)
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Balance 30 June

615 535	589 177
----------------	----------------

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	3 347 870	3 161 051
Contribution for the year	(197 427)	(216 791)
Expenditure for the year	466 755	446 346
Actuarial Loss/(Gain)	-	(42 736)

Total employee benefits 30 June

3 617 198	3 347 870
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Less: Transfer of Current Portion - Note 5

(280 990)	(197 427)
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Balance 30 June

3 336 208	3 150 443
------------------	------------------

3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	14	14
Continuation members (e.g. Retirees, widows, orphans)	6	6
Total Members	20	20

The liability in respect of past service has been estimated to be as follows:

In-service members	989 937	931 417
Continuation members	1 903 179	1 790 673
Total Liability	2 893 116	2 722 090

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Discovery Health
Genhealth
Hosmed
Keyhealth
LA Health
Polmed; and
Topmed

Key actuarial assumptions used:

%	%
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i) Rate of interest

Discount rate	9.18%	9.18%
Health Care Cost Inflation Rate	7.22%	7.22%
Net Effective Discount Rate	1.83%	1.83%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 65 (male) 55 (female), which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2 893 116	2 722 090
Net liability/(asset)	2 893 116	2 722 090

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

EMPLOYEE BENEFITS (CONTINUE)**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year
Total expenses

Current service cost
Interest Cost
Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note 5

Balance 30 June

2011 R	2010 R
2 722 090	2 579 538
171 026	162 847
89 084	79 588
242 766	231 147
(160 824)	(147 888)
-	(20 295)
2 893 116	2 722 090
(280 990)	(197 427)
2 612 126	2 524 663

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	0.931	1.791	2.722	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	1.124	1.948	3.072	13%
Health care inflation	-1%	0.779	1.650	2.429	-11%
Post-retirement mortality	-1 year	0.957	1.868	2.825	4%
Average retirement age	-1 year	1.044	1.791	2.834	4%
Withdrawal Rate	-50%	1.022	1.791	2.812	3%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 108 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2010 is R 85,146. The Current-service Cost for the ensuing year has been estimated to be R 79,511.

Key actuarial assumptions used:

i) Rate of interest

Discount rate
General Salary Inflation (long-term)
Net Effective Discount Rate applied to salary-related Long Service Bonuses

%	%
9.11%	9.11%
6.43%	6.43%
2.52%	2.52%
724 082	625 780
724 082	625 780

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations

Net liability/(asset)

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Total expenses

Current service cost
Interest Cost
Benefits Paid

Actuarial (gains)/losses

Present value of fund obligation at the end of the year

Less: Transfer of Current Portion - Note 5

Balance 30 June

625 780	581 513
98 302	66 708
79 511	85 146
55 394	50 465
(36 603)	(68 903)
-	(22 441)
724 082	625 780
(108 547)	(36 603)
615 535	589 177

3 EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		0.626	
General salary inflation	1%	0.673	8%
General salary inflation	-1%	0.583	-7%
Average retirement age	-2 yrs	0.567	-9%
Average retirement age	2 yrs	0.715	14%
Withdrawal rates	-50%	0.743	19%

4 CONSUMER DEPOSITS

Water	78 532	26 964
Electricity	85 974	84 490
Total Consumer Deposits	164 507	111 454

5 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 3	172 443	160 824
Current Portion of Long-Service Provisions - Note 3	108 547	36 603
Bonuses	539 271	333 524
Performance Bonus		
Staff Leave	749 356	504 215
Total Current Employee Benefits	1 569 617	1 035 166

The movement in current employee benefits are reconciled as follows:

Bonuses

Balance at beginning of year	333 524	280 294
Contribution to current portion	205 747	53 230
Balance at end of year	539 271	333 524

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

Staff Leave

Balance at beginning of year	504 215	363 338
Contribution to current portion	245 140	140 877
Balance at end of year	749 356	504 215

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

6 PROVISIONS

Cape Joint Pension Fund	358 634	358 634
Total Provisions	358 634	358 634

Shortfall in annual earnings of Cape Joint Pension Fund.

7 TRADE AND OTHER PAYABLES

Trade Payables	2 892 252	1 013 316
Rent	-	
Payments received in advance	408 044	318 607
Other Creditors	1 777 196	2 244 180
##	-	
Total Trade Payables	5 077 492	3 576 103

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

8 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants

National and Provincial Government Grants

Less: Unpaid Grants

National and Provincial Government Grants

Total Conditional Grants and Receipts

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

9 TAXES

VAT Payable

VAT Receivable

7 563 874	4 936 620
7 563 874	4 936 620
-	492 781
-	492 781
7 563 874	4 443 839
1 196 944	731 565
1 195 605	(78 006)
1 339	809 571

VAT is payable/receivable on the cash basis.

10 Carrying value of temporarily idle property plant and equipment:

Cost	310 104 646	-
Land and Buildings	306 881 354	-
Infrastructure	2 775 092	-
Community Assets	-	-
Lease Assets	448 200	-
Heritage	-	-
Other	-	-
Accumulated depreciation	(157 026 982)	-
Land and Buildings	(157 026 982)	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
Carrying value	153 077 664	-

11 INVESTMENT PROPERTY

Net Carrying amount at 1 July	18 193 600	18 229 400
Cost	18 265 200	18 265 200
Balance previously reported	18 265 200	18 265 200
	-	-
Accumulated Depreciation	(71 600)	(35 800)
Depreciation for the year	(35 800)	(35 800)
Net Carrying amount at 30 June	18 157 800	18 193 600
Cost	18 265 200	18 265 200
Accumulated Depreciation	(107 400)	(71 600)

12

INTANGIBLE ASSETS**Computer System & Software****Net Carrying amount at 1 July**

Cost

Balance previously reported

Intangible Assets not previously recognised transferred from Accumulated Surplus - Note 32.1

Accumulated Amortisation

Amortisation

Contribution this year

Net Carrying amount at 30 June

Cost

Accumulated Amortisation

	638 348	718 142
Cost	797 935	797 935
Balance previously reported	797 935	797 935
Intangible Assets not previously recognised transferred from Accumulated Surplus - Note 32.1	-	
Accumulated Amortisation	(159 587)	(79 793)
Amortisation	(79 793)	(79 793)
Contribution this year	(79 793)	(79 793)
Net Carrying amount at 30 June	558 555	638 348
Cost	797 935	797 935
Accumulated Amortisation	(239 380)	(159 587)

13

LONG TERM RECEIVABLES

Trade and other receivables with arrangements

Less: Provision for Impairment of Long Term Receivables**Total Long Term Receivables**

Trade and other receivables with arrangements	1 237 485	409 263
<u>Less:</u> Provision for Impairment of Long Term Receivables	-	-
Total Long Term Receivables	1 237 485	409 263

TRADE AND OTHER RECEIVABLES WITH ARRANGEMENTS

When the public has outstanding service accounts that can not be paid in full, they make arrangements with Karoo Hoogland Municipality to pay their accounts at a fixed installment over a period. Arrangements are repayable up to the year 2013

INVENTORY

Consumable Stores - Stationery and materials - At cost	-	-
Maintenance Materials - At cost	-	-
Water – at cost	8 424	5 858
Water Inventory not previously recognised transferred from Accumulated Surplus - Note 32.09	-	
Water Inventory not previously recognised transferred from Changes to Statement of Financial Performance - Note 32.09	-	
Spare Parts - At cost		
Total Inventory	8 424	5 858
Consumable stores materials written down due to losses as identified during the annual stores counts.	-	-
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	-	-

TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Water	1 834 287	1 076 194
Electricity	735 339	677 347
Housing Rentals	24 588	13 547
Refuse	1 056 008	834 036
Sewerage	792 743	645 620

Total Service Receivables

Less: Allowance for Doubtful Debts

Net Service Receivables**Other Receivables**

Other Arrears	6 117 225	6 046 167
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Total Other Receivables

Less: Allowance for Doubtful Debts

Net Other Receivables

Less: Longterm Receivables

Total Net Receivables from Exchange Transactions**Ageing of Receivables from Exchange Transactions****(Electricity): Ageing**

Current (0 - 30 days)	42 107	367 303
31 - 60 Days	22 306	62 541
61 - 90 Days	40 586	30 859
+ 90 Days	630 339	216 645
Total	735 339	677 347

(Water): Ageing

Current (0 - 30 days)	73 491	108 968
31 - 60 Days	543 722	69 154
61 - 90 Days	41 477	54 601
+ 90 Days	1 175 598	843 471
Total	1 834 287	1 076 194

15 **TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)**

(Refuse): Ageing

Current (0 - 30 days)	36 927	87 939
31 - 60 Days	34 976	48 871
61 - 90 Days	28 597	42 715
+ 90 Days	955 507	654 510
Total	1 056 008	834 036

(Sewerage): Ageing

Current (0 - 30 days)	29 872	79 458
31 - 60 Days	27 429	41 650
61 - 90 Days	21 985	34 929
+ 90 Days	713 457	489 583
Total	792 743	645 620

16 **TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Service Receivables

Taxes - Rates	2 925 553	2 463 535
Total Service Receivables	2 925 553	2 463 535
Less: Allowance for Doubtful Debts	(1 274 714)	(1 269 498)
Net Service Receivables	1 650 839	1 194 037

Total Net Receivables from Non-Exchange Transactions	1 650 839	1 194 037
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Ageing of Receivables from Non-Exchange Transactions

(Rates): Ageing

Current (0 - 30 days)	50 067	138 852
31 - 60 Days	118 779	128 755
61 - 90 Days	116 073	115 082
+ 90 Days	2 640 635	2 080 846
Total	2 925 553	2 463 535

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2011				
Total Receivables	12 823 077	335 811	326 856	13 485 744
Less: Provision for doubtful debts	(5 896 820)	-	-	(5 896 820)
Total Recoverable debtors by customer classification	6 926 257	335 811	326 856	7 588 924

Summary of Receivables by Customer Classification

	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2010				
Total Receivables	11 019 446	235 110	501 890	11 756 446
Less: Provision for doubtful debts	(8 079 676)	-	-	(8 079 676)
Total Recoverable debtors by customer classification	2 939 770	235 110	501 890	3 676 770

16	TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2011 R	2010 R
	<u>Trade and other receivables impaired</u>		
	2011		
		Exchange Transactions R's	Non-Exchange Transactions R's
			Total R's
	Total	<u>(4 622 106)</u>	<u>(1 274 714)</u>
	2010		
		Exchange Transactions R's	Non-Exchange Transactions R's
			Total R's
	Total	<u>(6 810 178)</u>	<u>(1 269 498)</u>

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

0

Reconciliation of the Total doubtful debt provision

	2011 R	2010 R
Balance at beginning of the year	8 079 675	8 051 225
Contributions to provision	(2 417 603)	319 816
Doubtful debts written off against provision	234 748	(291 366)
Balance at end of year	<u>5 896 820</u>	<u>8 079 675</u>

17 OPERATING LEASE ARRANGEMENTS

17.1 The Municipality as Lessor

Balance on 1 July	2 517	1 892
	-	
Restated Balance on 1 July	<u>2 517</u>	<u>1 892</u>
Operating Lease Asset for the current year		625
Balance on 30 June	<u>2 517</u>	<u>2 517</u>

Karoo Hoogland Municipality is leasing land to rate payers for periods of 119 months with escalations of 10% per year.

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until 2017

CASH AND CASH EQUIVALENTS**Assets**

Call Investments Deposits	355 004	342 491
Primary Bank Account	6 234 900	3 065 088
Cash Floats	2 000	500
Fuel Deposit	15 000	
Total Cash and Cash Equivalents - Assets	6 606 904	3 408 079

Liabilities

Primary Bank Account	-	
Total Cash and Cash Equivalents - Liabilities	-	-

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Fraserburg - ABSA – 2490000065 (Primary Bank Account):	2 718 872	2 274 391
Williston - Standard Bank – 083212442 (Second Primary Bank Account)	484 714	790 697
	3 203 586	3 065 088

Fraserburg - ABSA – 2490000065 (Primary Bank Account):

Cash book balance at beginning of year	2 274 391	(959 153)
Cash book balance at end of year	2 718 872	2 274 391

Bank statement balance at beginning of year	(2 274 391)	(950 945)
Bank statement balance at end of year	2 751 797	(2 274 391)

Williston - Standard Bank – 083212442 (Second Primary Bank Account)

Cash book balance at beginning of year	790 697	133 511
Cash book balance at end of year	484 714	790 697

Bank statement balance at beginning of year	789 497	114 380
Bank statement balance at end of year	468 557	789 497

Call Investment Deposits**PROPERTY RATES****Actual**

Rateable Land and Buildings	7 308 544	6 571 524
Residential, Commercial Property, State	7 308 544	6 571 524
Less: Rebates	(3 791 319)	(4 889 848)
Total Assessment Rates	3 517 225	1 681 676

Valuations - 1 JULY 2010

Rateable Land and Buildings

	2 208 356 840	2 246 064 700
Residential	217 803 340	218 239 200
Business	42 968 900	42 332 100
Governments	43 482 000	41 568 100
Private schools	1 056 800	1 056 800
Church Rates	9 686 600	9 005 800
Departmental Rates	25 008 600	23 889 500
Old Age Homes	3 355 000	3 355 000
Building Clause	1 379 000	1 384 000
Farms	1 863 616 600	1 904 563 200
Other		671 000
Total Assessment Rates	2 208 356 840	2 246 064 700

Valuations on 1 JULY 2010:

	Building Clause Valuation	Site Valuation	Building Valuation	Total Valuation
Residential	59 440	5 719 700	212 024 200	217 803 340
Business	-	278 800	42 690 100	42 968 900
Governments	6 000	1 019 000	42 457 000	43 482 000
Private schools	-	21 800	1 035 000	1 056 800
Church Rates	-	249 900	9 436 700	9 686 600
Departmental Rates	-	2 676 100	22 332 500	25 008 600
Old Age Homes	-	-	3 355 000	3 355 000
Building Clause	74 500	1 116 800	187 700	1 379 000
Farms	-	1 860 655 100	2 961 500	1 863 616 600
Other	-			-
Total Property Valuations	139 940	1 871 737 200	336 479 700	2 208 356 840

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R15 000 on the valuation is exempted.

Assessment Rates are levied on the values of immovable properties. A new valuation and first supplementary roll were performed during 2009/10 for Karoo Hoogland Municipality. The rates applicable is proclaimed by PK 1312 dated 15 June 2009.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

20

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants

Equitable Share - Refer to Note 20.1

Conditional Grants

Health Officer
EPWP Projects
MIG Projects Oxidation dams
Financial Management Grant
Municipal Systems Infr Grant
LG Seta Skills Development
District Mun Surplus Funds
Housing Project
NALA
Library Development Fund
District Mun Surplus Funds

R	R
10 141 821	8 024 004
10 141 821	8 024 004
31 882 632	8 190 330
-	47 155
1 705 873	1 292 457
11 303 545	2 686 567
3 000 000	2 454 542
750 000	814 589
7 269	2 297
964 363	399 942
13 476 581	
325 000	
350 000	
	492 781
42 024 453	16 214 334
7 593 348	2 769 495
32 227 243	13 444 840
39 820 591	16 214 335

Total Government Grants and Subsidies

Government Grants and Subsidies - Capital
Government Grants and Subsidies - Operating

20	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	R	R
20.1	Equitable share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.		
	All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services of R206.38 per month (2009: R190.80).		
	(See Appendix "F" for a reconciliation of all grants).		
20.2	Gee		
21	PUBLIC CONTRIBUTIONS AND DONATIONS		
	Museum Donations	1 042	1 045
		1 042	1 045
22	CHANGES IN FAIR VALUE		
22.1	Transactions that gives an increase in surplus		
	Unamortised discount - Interest - Expenditure	76 804	75 838
	Total changes in fair value	76 804	75 838
23	SERVICE CHARGES		
	Electricity	5 713 217	4 105 078
	Service Charges	5 724 067	4 365 627
	<u>Less:</u> Rebates	(10 850)	(260 549)
		2 286 199	1 681 543
	Water		
	Service Charges	2 783 003	1 785 231
	<u>Less:</u> Rebates	(496 803)	(103 688)
		814 589	1 404 030
	Refuse removal		
	Service Charges	1 562 008	1 487 778
	<u>Less:</u> Rebates	(747 419)	(83 748)
		812 248	1 213 822
	Sewerage and Sanitation Charges		
	Service Charges	1 369 440	1 297 570
	<u>Less:</u> Rebates	(557 192)	(83 748)
	Total Service Charges	9 626 253	8 404 473
24	OTHER REVENUE		
	Other income represents sundry income such as administration income, SARS Revenue and Sale of land.	1 200 131	186 054
	Total Other Income	1 200 131	186 054

EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	11 578 519	8 655 681
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	786 478	1 037 140
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	541 635	354 814
Overtime	436 480	436 480
Bargaining Council;	5 154	4 943
Bonuses	1 148 404	613 817
Provision for leave	446 885	125 691
Skills Development	153 729	97 048
Contribution to provision - Long Service Awards - Note	79 511	85 146
Contribution to provision - Post Retirement Medical - Note	138 473	79 588
Total Employee Related Costs	15 315 267	11 490 348

KEY MANAGEMENT PERSONNEL

Municipal Manager was appointed on 11 June 2009 with a contract ending three months after the Municipal elections in 2011. The Head of Corporate Services and Infrastructure were appointed 1 July 2009 and their contracts ends the same date as the Municipal Manager. The CFO post was filled on 1 February 2011. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager**

Annual Remuneration	774 222	503 579
Performance Bonuses		-
Car Allowance	95 940	88 647
Telephone allowance		-
Contributions to UIF, Medical and Pension Funds		1 497

Total

870 162	593 724
----------------	----------------

**Remuneration of the Director Infrastructure and Technical Services
(FJ Lotter contract 2010/2011)**

Annual Remuneration	353 320	317 329
Performance Bonuses	32 120	-
Housing Subsidy		2 578
Travelling Allowance		60 000
Telephone allowance		-
Contributions to UIF, Medical and Pension Funds		1 497

Total

385 440	381 404
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**Remuneration of the Director Corporate Services
(CV Peterson contract 2010/2011)**

Annual Remuneration	357 984	361 389
Performance Bonuses	32 544	-
Travelling Allowance		-
Telephone allowance		-
Contributions to UIF, Medical and Pension Funds		1 497

Total

390 528	362 887
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**Remuneration of the Director Financial Services
(K van Schalkwyk acting 2009/2010 and M K Botha contract 2011)**

Annual Remuneration	936 515	422 000
Performance Bonuses	80 047	-
Car Allowance		72 000
Telephone allowance		-
Contributions to UIF, Medical and Pension Funds		1 497

Total

1 016 562	495 497
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REMUNERATION OF COUNCILLORS

Mayor	548 610	420 729
Councillors	565 666	442 637
Total Councillors' Remuneration	1 114 276	863 366

In-kind Benefits

The Mayor/Speaker are full-time. The Mayor is provided with secretarial support and an office at the cost of the Council.

27	DEBT IMPAIRMENT		
	Trade Receivables from exchange transactions - Note 15	(2 422 818)	310 727
	Trade Receivables from non-exchange transactions - Note 15	5 216	9 089
	Total Contribution to Impairment Provision	(2 417 603)	319 816
28	FINANCE CHARGES		
	Long-term Liabilities	156 799	173 008
	Overdraft Facilities	-	-
	Actuarial Interest	298 160	281 612
	Finance leases	-	26 129
	Total finance charges	454 959	480 750
29	BULK PURCHASES		
	Electricity	3 837 059	2 899 358
	Total Bulk Purchases	3 837 059	2 899 358
30	GRANTS AND SUBSIDIES		
	Logan Art Festival	27 500	27 500
	Williston Landbou	27 500	27 500
	Youth development	21 773	-
	Culture Festival	19 446	33 662
	Other Grants	4 387	2 500
	Total Grants and Subsidies	100 605	91 162
31	GENERAL EXPENSES		
	Travelling: Municipal Manager	38 299	77 946
	Dog Licence;	8 118	78 540
	Refuse bags purchases;	87 719	87 985
	Bank Charges;	113 959	99 650
	Mayoral Project Bricks;	-	120 461
	Insurance;	169 482	135 502
	Stationary;	231 449	179 999
	Fuel;	468 164	455 933
	Telephone;	570 222	501 016
	Travelling Cost;	609 141	622 411
	Auditfees;	(492 489)	525 385
	Other expenditure	744 690	477 380
	General Expenses	2 548 756	3 362 208
32	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality accounted for under the Institute of Municipal Finance Officers (IMFO) Accountants arising from the implementation of General Recognised Accounting Practice (GRAP):		
32.01	Statutory Funds		
	Balance previously reported:	-	(2 951 809)
	Revolving fund		2 690
	Revolving fund		(2 971 409)
	Civil defence fund;		4 048
	IDP Fund		(589)
	Housing Development Fund		7 524
	Dog tax;		5 928
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 32.12		2 971 409
	Transfer to St. of Financial Performance - Note 32.14		(19 601)
	Total	-	(0)

32.02 Loans Redeemed and Other Capital Receipts

Balance previously reported:	-	
Implementation of GRAP		
Outstanding Internal Loans Transfer to Capitalisation Reserve		5 376 811
Transfer of balance on 30 June 2008 to Accumulated Surplus/(Deficit) - Note 32.12		-
Transfer to St. of Financial Performance - Note 32.14		(5 376 811)
Total	-	-

32.03 Provisions and Reserves

Balance previously reported:		
Renewal machinery & equipment		2 387
Combined grave yard fund		1 663
Total	-	4 050
Implementation of GRAP		
Transfer to Accumulated Surplus/(Deficit) - Note 32.12		
Transfer to St. of Financial Performance - Note 32.14	-	(4 050)
Total	-	-

32.04 Long-term Liabilities

Finance Leases moved from operating to Liabilities as they are required by GRAP.

Balance previously reported:	-	-
Opening balance GRAP movements 2008		(961 204)
Implementation of IAS 39 - Financial Instruments	-	111 316
Leases Liabilities not previously recognised transferred from Accumulated Surplus - Note 32.12	-	
Restatement of fair values of External loans out of Surplus up to 30 June 2008 - Note 32.12	-	
Restatement of fair values of External loans for the year 2008/09 - Note 32.14		74 643
Leases Liabilities not previously recognised transferred from Statement of Financial Performance - See Note 32.14		36 673
Total	-	(849 888)

32.05 Non-Current Employee Benefits

Employee Benefits recorded as they are required by GRAP.

Balance previously reported	-	3 061 090
Opening balance GRAP movements 2008		-
Implementation of IAS 19		
Transfer to Accumulated Surplus/(Deficit) - Note 32.12	-	(116 830)
Post Employment Medical Benefit Fund not previously recognised transferred from Accumulated Surplus - Note 32.12	-	
Long-service not previously recognised transferred from Accumulated Surplus - Note 32.12	-	
Post Employment Medical Benefit Fund not previously recognised transferred from Statement of Financial Performance - Note 32.14		(131 434)
Long-service not previously recognised transferred from Statement of Financial Performance - Note 32.14		14 604
Total	-	2 944 260

32.06 Current Employee Benefits

Employee Benefits recorded as they are required by GRAP.

Balance previously reported	-	-
Opening balance GRAP movements 2008	-	-
Implementation of GRAP		
Post Employment Medical Benefit Fund not previously recognised transferred from Statement of Financial Performance - Note 32.14		147 888
Annual Bonus Employee Benefit not previously recognised transferred from Statement of Financial Performance & Accumulated Surplus - Note 32.12 & 32.14		33 320
Long-service not previously recognised transferred from Statement of Financial Performance - Note 32.14		68 903
Total	-	250 111

32.07 Property, Plant and Equipment - GRAP 17

Property, Plant and Equipment recorded as they are required by GRAP.

Balance previously reported

Opening balance GRAP movements 2008

Implementation of GRAP

Finance Leases Assets not previously recognised transferred from Accumulated Surplus - See Note 32.12

Total

32.08 Accumulated Depreciation - GRAP 17

Accumulated Depreciation recorded as they are required by GRAP.

Balance previously reported

Opening balance GRAP movements 2008

Implementation of GRAP

Backlog Depreciation: Land and Buildings

Backlog Depreciation: Infrastructure

Backlog Depreciation: Lease Assets

Backlog Depreciation: Other

Backlog depreciation: Investment Properties

Transfer to Accumulated Surplus/(Deficit) - Note 32.12 & 32.14

Water Inventory recorded as they are required by GRAP.

Intangible Assets recorded as they are required by GRAP.

Accumulated Amortisation on Intangible Assets recorded as they are required by GRAP.

[illegible]

-	-
-	-
-	607 751
	541 507
	4 416
	42 500
	19 329
	35 800
-	643 551

32.12 Accumulated Surplus/(Deficit)

Movements on Accumulated Surplus recorded as they are required by GRAP.

Implementation of GRAP

Non-current Employee Benefits previously not recognised - Note 32.05	-	
Transfer from Statutory Funds - Note 32.01	-	(2 971 409)
Transfer from Loans Redeemed and Other Capital Receipts - Note 32.02	-	-
Transfer from Provisions and Reserves - Note 32.03	-	-
Unbundling of Appropriation Account to St. of Fin Performance- Note 32.14		91 105.0
Finance Leases Assets not previously recognised transferred from Accumulated Surplus - See Note 32.07		
Current Employee Benefits previously not recognised - Note 32.06	-	
Water Inventory not previously recognised - Note 32.09	-	-
Intangible Assets not previously recognised - Note 32.10	-	-
Lease liability - Redemption previously recognised as expenditure - Transfer to Long Term Liabilities Note 32.04	-	-
Restatement of fair values of External loans out of Surplus up to 30 June 2008 - Note 32.04	-	-
Backlog depreciation - Note 32.08	-	
Operating Lease Asset previously not recognised - Note 32.13	-	
Total	-	(2 880 304)

32.13 Operating Lease Assets

Operating Lease Assets recorded as they are required by GRAP.

Balance previously reported**Implementation of GRAP**

Operating Lease Asset previously not recognised for opening balance - Note 17.1 and Note 32.12	-	1 079
Operating Lease Asset previously not recognised for 2007-08 - Note 17.1 and Note 32.14	-	813
Total	-	1 892

32.14 Changes to Statement of Financial Performance

Movements on Operating account recorded as they are required by GRAP.

Balance previously reported**Implementation of GRAP and IAS 39 - Financial Instruments**

	34 756 212	1 720 419.0
Transfer from Statutory Funds (Interest received) - Note 32.01	-	20 257
Transfer from Statutory Funds (Bank Charges) - Note 32.01	-	-656
Transfer from Provisions and Reserves (Interest received) - Note 32.03	-	4 050
Transfer from Loans Redeemed and Other Capital Receipts (External Redemption) - Note 32.02	-	122 850
Transfer from Loans Redeemed and Other Capital Receipts (Contributed PPE) - Note 32.02		5 253 961
Unbundling of Appropriation Account to - Note 32.12		91 105
Leases Liabilities not previously recognised transferred from Statement of Financial Performance - See Note 32.04		36 673
Current Employee Benefits previously not recognised - Note 32.06	-	-250 111
Non-Current Employee Benefits previously not recognised - Note 32.05	-	116 830
Recording Depreciation on PPE & Investment Property for the year ended 30 June 2009 - See Note 32.08	-	-643 551
Calculation of Water inventory movement for the year 2008-09 - See Note 32.09		1 083
Adjusting the operating lease asset for the previous year - Note 32.13 and Note 17.1	-	813
Restatement of interest expenditure - Unamortised discount - Note 32.04	-	-74 643.0
Restatement Infrastructure Asset value	143 305 900	
Total	178 062 112	6 319 286

33.03 Property, Plant and Equipment - GRAP 17

Property, Plant and Equipment recorded as they are required by GRAP.

Balance previously reported**25 255 092**

Opening balance GRAP movements 2008

(2 436 584)**Implementation of GRAP**

Restructure of Fixed Asset Register, as no register existed: General Ledger amount Fixed Assets moved to Accumulated Surplus/deficit - See Note

-

-

65 072

Change in Accounting Policy - Finance Leases not previously recognised transferred from Surplus & Statement of Financial Performance - See Note 32.07

-

Total

-

22 883 580

Investment Properties recorded as they are required by GRAP.

Opening balance GRAP movements 2008

-

-

Restructure of Fixed Asset Register, as no register existed: General Ledger amount Fixed Assets moved to Accumulated Surplus/deficit - See Note 33.03	-	-
Restructure of Fixed Asset Register, as no register existed: Restructured Fixed Asset Register amount moved from Accumulated Surplus/deficit - See Note 33.03	-	-
Restructure of Fixed Asset Register, as no register existed: Restructured Fixed Asset Register amount corrected additions moved from St. of Financial Performance - See Note 33.03	-	65 072

	R	R
34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	(12 687 698)	1 011 405
Adjustments for:		
Depreciation	13 506 635	698 386
Amortisation of Intangible Assets	79 793	79 794
Contribution from/to employee benefits - non-current	(197 427)	(216 791)
Contribution from/to employee benefits - non-current - expenditure incurred	466 755	446 346
Contribution from/to employee benefits - non-current - actuarial losses	-	(42 736)
Contribution to employee benefits – current	450 887	194 107
Contribution to provisions – current	358 634	358 634
Contribution to provisions – Debt Impairment	(2 147 603)	319 816
Unamortised discount - Interest - Expenditure	76 804	75 838
Impairment written off	(291 366)	(291 366)
Operating lease income accrued	-	(625)
Interest income	(438 387)	(474 394)
Interest expense	454 959	480 750
Operating Surplus/(Deficit) before changes in working capital	(368 014)	2 639 164
Changes in working capital	2 081 328	4 227 132
Increase/(Decrease) in Trade and Other Payables	1 501 389	755 973
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 627 254	4 303 051
Increase/(Decrease) in Taxes	(808 232)	113 223
(Increase)/Decrease in Inventory	(2 566)	(2 235)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	492 781	(492 781)
(Increase)/Decrease in Trade Receivables from exchange transactions	(1 267 280)	25 099
(Increase)/Decrease in Other Receivables from non-exchange transactions	(462 018)	(475 198)
Cash generated/(absorbed) by operations	1 713 314	6 866 296
35 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 18	355 004	342 491
Cash Floats - Note 18	2 000	500
Bank - Note 18	6 234 900	3 065 088
Fuel Deposit	15 000	
Total cash and cash equivalents	6 606 904	3 408 079
36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 35	6 606 904	3 408 079
Less:	6 606 904	3 408 079
Unspent Committed Conditional Grants - Note 8	7 563 874	4 443 839
Resources available for woking capital requirements	(956 969)	(1 035 760)
37 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 2	3 471 985	3 713 550
Used to finance property, plant and equipment - at cost	-	-
Cash set aside for the repayment of long-term liabilities	-	
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 5 % and will be repaid by 2026		

39 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

39.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	-	-
Unauthorised expenditure current year - capital	364 375	364 375
Unauthorised expenditure current year - operating	42 952 953	5 002 380
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	43 317 328	5 366 755

Incident	Disciplinary steps/criminal proceedings
None	None

39.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings
None	None

39.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	-
Irregular expenditure current year	3 446 401	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	3 446 401	-

Incident	Disciplinary steps/criminal proceedings
Expenditure without 3 quotations - R3 446 401 - Sole suppliers in Karoo Hoogland District	None
Expenditure > R15 000 without tax clearance certificate - R292 686 - Large companies that will not issue tax clearance certificates, for example GAME, Incredible Connection.	None

39.4 **Material Losses**

Electricity distribution losses

Units purchased (Kwh)	5 992 806	6 102 475
- Units lost during distribution (Kwh)	183 251	165 145
- Percentage lost during distribution	3.06%	2.71%

Water distribution losses

- Mega litres purified	-	-
- Mega litres lost during distribution	-	-
- Percentage lost during distribution	0.00%	0.00%

Bulk water meters will be installed at boreholes to determine water distribution losses in future.

40 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT AC1**

R R

40.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance		17 443
Council subscriptions	104 000	35 147
Amount paid - current year	(104 000)	(35 147)
Amount paid - previous years		(17 443)
Balance unpaid (included in creditors)	-	-

40.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	1 992 489	1 467 104
Current year audit fee	1 500 000	1 025 389
External Audit - Auditor-General	1 500 000	1 025 389
Amount paid - current year	1 427 930	500 004
Less Adjustment to provision	(492 489)	
Balance unpaid (included in creditors)	1 572 070	1 992 489

40.3 **VAT - [MFMA 125 (1)(b)]**

VAT	(1 339)	(809 571)
VAT is payable/receivable on the cash basis.		

40.4 **PAYE, SDL and UIF - [MFMA 125 (1)(b)]**

Current year payroll deductions and Council Contributions	2 752 866	1 380 821
Amount paid - current year	(2 752 866)	(1 380 821)
Balance unpaid (included in creditors)	-	-

40.5 **Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]**

Current year payroll deductions and Council Contributions	2 205 647	1 363 072
Amount paid - current year	(2 205 647)	(1 363 072)
Balance unpaid (included in creditors)	-	-

40.6 **Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2011:

	2011 R Outstanding more than 90 days	2010 R Outstanding more than 90 days
None		
Total Councillor Arrear Consumer Accounts	-	-

40.7 Quotations awarded - Section 45 - Supply Chain Management

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

		Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Corporate Services	None	-	-	-	-
Development Services	None	-	-	-	-
Financial Services	None	-	-	-	-
Technical Services	None	-	-	-	-
Electrical Services	None	-	-	-	-
		-	-	-	-

41 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure

Total

-	3 430 284
	3 430 284
-	3 430 284
-	3 430 284

This expenditure will be financed from:

Government Grants

-	3 430 284
-	3 430 284

42 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2011 R	2010 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2010 - 0.5%) Increase in interest rates	20 176	(3 441)
0.5% (2010 - 0.5%) Decrease in interest rates	(20 176)	3 441

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 15 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 15 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2011 %	2011 R	2010 %	2010 R
Electricity	5.43%	320 400	1.68%	135 632
Water	13.55%	799 247	6.59%	532 092
Refuse	7.80%	460 121	5.00%	404 153
Sewerage	5.86%	345 412	3.65%	294 857
Other Consumer Arrears	45.74%	2 696 928	67.37%	5 443 443
Rates	21.62%	1 274 714	15.71%	1 269 498
	100.00%	5 896 822	100.00%	8 079 675

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables and other receivables	6 351 439	3 676 770
Cash and Cash Equivalents	6 606 904	3 408 079
Unpaid conditional grants and subsidies	-	492 781
	<u>14 195 828</u>	<u>7 986 893</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

43 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

43.1	Financial Assets	Classification		
	Consumer Debtors			
	Trade receivables from exchange transactions	At amortised cost	4 442 966	3 246 744
	Other receivables from exchange transactions	At amortised cost	6 117 225	6 046 167
	Other receivables from non-exchange transactions	At amortised cost	2 925 553	2 463 535
	Short-term Investment Deposits			
	Call Deposits	At amortised cost	355 004	342 491
	Bank Balances and Cash			
	Bank Balances	At amortised cost	6 234 900	3 065 088
	Cash Floats and Advances	At amortised cost	2 000	500
			21 315 133	15 573 788
	SUMMARY OF FINANCIAL ASSETS			
	At amortised cost		21 315 133	15 573 788
			2011	2010
			R	R
43	FINANCIAL INSTRUMENTS (CONTINUE)			
43.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	At amortised cost	3 110 826	3 253 075
	Capitalised Lease Liability	At amortised cost	218 907	235 158
	Trade Payables			
	Trade creditors	At amortised cost	2 892 252	1 013 316
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	At amortised cost	7 563 874	4 936 620
	Current Portion of Long-term Liabilities			
	Annuity Loans	At amortised cost	142 252	135 749
	Capitalised Lease Liability	At amortised cost	-	89 568
			13 928 111	9 663 486
	SUMMARY OF FINANCIAL LIABILITY			
	At amortised cost		13 928 111	9 663 486
44	EVENTS AFTER THE REPORTING DATE			
	The municipality has no events after reporting date during the financial year ended 2009/2010.			
45	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
46	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
47	CONTINGENT LIABILITY			
	No pending actions			

48 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

48.1 Related Party Transactions

	Rates - Levied 1 Jul 09 - 30 Jun 10	Service Charges - Levied 1 Jul 09 - 30 Jun 10	Other - Levied 1 Jul 09 - 30 Jun 10	Outstanding Balances 30 June 2011
Year ended 30 JUNE 2011				
Councillors	7 348	24 914	-	-
J.J. de Wee	104	1 875	-	
J.J.J. Storm	103	5 630	-	
J.K. Malho	-	8 742	-	
C.D. Malan	995	8 667	-	
S.J.C. Theron	970	-	-	
M.M. van Wyk	1 481	-	-	
J.J. van der Colff	3 695	-	-	
Municipal Manager and Section 57 Employees	4 536	49 602	-	-
L. Nothnagel	-	30 043	-	
M.K Botha			-	
F.J. Lötter	4 536	11 045	-	
C.V. Peterson		8 514		

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

48.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 13 to the Annual Financial Statements.

48.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 25 to the Annual Financial Statements.

48.4 Other related party transactions

		2011	2010
		R	R
The following purchases were made during the year where Councillors or Management have an interest:			
<u>Councillor/Staff Member</u>			
Mr. K van Schalkwyk (Acting CFO)	Soek 'n Slapie Guest House	5 120	35 870
		<u>5 120</u>	<u>35 870</u>

49 TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES

49.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

49.6 GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following Property, Plant & Equipment:

APPENDIX A - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2010	Change in Accounting Policy	Balance at 30 JUNE 2010 Restated
ANNUITY LOANS						
DBSA	5.00%	102367/1	2026/12/31	3 388 824	-	3 388 824
Total Annuity Loans				3 388 824	-	3 388 824
LEASE LIABILITY						
TASKALFA 180 Digital copiers	12.04%	Library	2012/09/30	13 238	-	13 238
TASKALFA 180 Digital copiers	12.04%	Library	2012/09/30	13 238	-	13 238
KYOCERA FS1128 MFP Digital copier	12.19%	Admin	2015/02/28	22 337	-	22 337
KYOCERA TASKALFA 221 Digital cop	11.92%	Municipal office	2015/02/28	88 367	-	88 367
KYOCERA TASKALFA 250ci Digital co	12.04%	Municipal Manager Office	2015/02/28	82 204	-	82 204
GESTETNER MP 2000SP	11.98%	Municipal office	2012/08/31	34 473	-	34 473
GESTETNER MP 3500SP	12.06%	Financial office	2012/07/31	41 181	-	41 181
TRIUMPH ADLER DC 2216	12.14%	Library	2012/07/31	29 689	-	29 689
				-	-	-
Total Lease Liabilities				324 726	-	324 726
TOTAL EXTERNAL LOANS				3 713 550	-	3 713 550

Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2011
-	135 746	3 253 078
-	135 746	3 253 078
	5 075	8 163
	5 075	8 163
	3 784	18 553
	15 051	73 316
	13 967	68 237
-	21 468	13 005
-	24 024	17 156
-	17 376	12 313
-	-	-
-	105 819	218 907
-	241 565	3 471 985

APPENDIX B - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation					Opening Balance
	Opening Balance	O/B Under Construction	Additions	Under Construction	Disposals	Closing Balance
Land and Buildings						
Land	1 163 300	-	-	-	-	1 163 300
Buildings	16 245 200	-	-	-	-	16 245 200
	17 408 500	-	-	-	-	17 408 500
Infrastructure						
Sewerage Network	-	4 872 135	-	2 686 567	-	7 558 702
Water Network	48 776	-	-	-	-	48 776
	48 776	4 872 135	-	2 686 567	-	7 607 478
Leased Assets						
Office Equipment (Lease)	212 500	-	235 700	-	-	448 200
	212 500	-	235 700	-	-	448 200
Other Assets						
Chairs	-	-	43 240	-	-	43 240
Computer hardware	7 895	-	31 509	-	-	39 403
Office furniture	-	-	16 009	-	-	16 009
Tables and desks	-	-	15 868	-	-	15 868
Tractor	162 000	-	-	-	-	162 000
Trailer	171 775	-	-	-	-	171 775
	341 670	-	128 675	-	-	470 345
Total Property, Plant and Equipment	18 011 445	4 872 135	364 375	2 686 567	-	25 934 523
Investment Property						
Land	17 191 200	-	-	-	-	17 191 200
Buildings	1 074 000	-	-	-	-	1 074 000
	18 265 200	-	-	-	-	18 265 200
Intangible Assets						
Computer System	797 935	-	-	-	-	797 935
	797 935	-	-	-	-	797 935
Total	37 074 580.47	4 872 135	364 375	2 686 567	-	44 997 658

Accumulated Depreciation			Carrying Value
Additions	Disposals	Closing Balance	
-	-	-	1 163 300
541 507	-	1 083 013	15 162 187
541 507	-	1 083 013	16 325 487
10 524	-	13 350	7 545 353
2 439	-	4 029	44 747
12 963	-	17 379	7 590 099
60 833	-	141 068	307 132
60 833	-	141 068	307 132
1 161	-	1 161	42 078
5 852	-	6 998	32 405
547	-	547	15 462
351	-	351	15 517
16 200	-	25 432	136 568
20 878	-	29 828	141 947
47 283	-	66 612	403 733
662 586	-	1 308 073	24 626 450
-	-	-	17 191 200
35 800	-	107 400	966 600
35 800	-	107 400	18 157 800
79 794	-	239 381	558 555
79 794	-	239 381	558 555
778 179	-	1 654 853	43 342 805

APPENDIX C - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

		Cost						Accumulated Depreciation				Carrying Value
		Opening Balance	O/B Under Construction	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Administration	Budget & Treasury	17 408 500	-	24 977	-	-	17 433 477	541 507	543 188	-	1 084 695	16 348 782
Councillor general expenditure	Executive & Council	-	-	121 233	-	-	121 233	-	9 499	-	9 499	111 734
Director economical development	Planning & Development	60 500	-	1 751	-	-	62 251	23 172	12 108	-	35 280	26 971
Director finance	Budget & Treasury	159 895	-	154 681	-	-	314 576	58 209	40 210	-	98 419	216 157
Library	Community & Social Services	-	-	32 700	-	-	32 700	-	4 874	-	4 874	27 826
Sanitation	Waste Water Management	118 000	4 872 135	-	2 686 567	-	7 676 702	9 550	22 324	-	31 874	7 644 828
Streets & public works	Road Transport	215 775	-	16 883	-	-	232 658	11 458	27 614	-	39 073	193 586
Water	Water	48 776	-	12 150	-	-	60 926	1 590	2 769	-	4 360	56 566
TOTAL		18 011 445	4 872 135	364 375	2 686 567	-	25 934 523	645 487	662 586	-	1 308 073	24 626 450

APPENDIX C - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation						Accumulated Depreciation				Carrying Value
	Opening Balance	O/B Under Construction	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	-	-	121 233	-	-	121 233	-	9 499	-	9 499	111 734
Budget & Treasury	17 568 395	-	179 658	-	-	17 748 053	599 716	583 398	-	1 183 114	16 564 939
Planning & Development	60 500	-	1 751	-	-	62 251	23 172	12 108	-	35 280	26 971
Community & Social Services	-	-	32 700	-	-	32 700	-	4 874	-	4 874	27 826
Waste Water Management	118 000	4 872 135	-	2 686 567	-	7 676 702	9 550	22 324	-	31 874	7 644 828
Road Transport	215 775	-	16 883	-	-	232 658	11 458	27 614	-	39 073	193 586
Water	48 776	-	12 150	-	-	60 926	1 590	2 769	-	4 360	56 566
	18 011 445	4 872 135	364 375	2 686 567	-	25 934 523	645 487	662 586	-	1 308 073	24 626 450

APPENDIX D - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
1 920	(3 521 037)	(3 519 117)	Administration	5 998	(4 720 173)	(4 714 175)
6 849	(110 331)	(103 482)	Cemetery	5 601	(134 598)	(128 998)
339 787	(219 903)	119 883	Communage	336 931	(257 958)	78 973
5 461 460	(2 704 071)	2 757 389	Councillor General Expenditure	3 442 862	(1 891 158)	1 551 704
1 045	(157 464)	(156 419)	Director Economical Development	355	(175 341)	(174 986)
8 847 750	(8 602 021)	245 730	Director Finance	32 046 125	(33 042 040)	(995 915)
5 365 847	(4 935 523)	430 323	Electricity	7 761 924	(5 944 782)	1 817 142
47 155	(54 776)	(7 621)	Health	-	(12 881)	(12 881)
5 331	(497 241)	(491 910)	Library	6 773	(602 398)	(595 625)
23 100	(1 139 025)	(1 115 925)	Parks, Trees and Recreation	15 569	(1 441 763)	(1 426 194)
1 953 672	(450 000)	1 503 672	Rates and Taxes	3 295 048	(100 998)	3 194 049
3 428 110	(3 385 542)	42 568	Sanitation	4 526 086	(5 192 100)	(666 014)
-	(1 923 978)	(1 923 978)	Streets & Public Works	-	(12 712 119)	(12 712 119)
-	(144)	(144)	Television	-	(324)	(324)
71 707	(43 015)	28 692	Townhall and Buildings	93 848	(155 984)	(62 136)
2 194 476	(1 602 893)	591 583	Water	4 175 801	(4 743 796)	(567 995)
-						-
27 748 208	(29 346 965)	(1 598 757)	Sub Total	55 713 607	(71 128 414)	(15 414 806)
-	2 610 162	2 610 162	Less Inter-Departmental Charges	-	2 727 108	2 727 108
27 748 208	(26 736 803)	1 011 405	Total	55 713 607	(68 401 306)	(12 687 698)

APPENDIX D - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
5 461 460	(2 704 071)	2 757 389	Executive & Council	3 442 862	(1 891 158)	1 551 704
8 849 670	(12 123 058)	(3 273 387)	Budget & Treasury	32 052 810	(37 762 213)	(5 709 403)
1 953 672	(450 000)	1 503 672	Corporate Services	3 295 048	(100 998)	3 194 049
1 045	(157 464)	(156 419)	Planning & Development	355	(175 341)	(174 986)
47 155	(54 776)	(7 621)	Health	-	(12 881)	(12 881)
423 674	(870 635)	(446 961)	Community & Social Services	443 153	(1 151 262)	(708 110)
23 100	(1 139 025)	(1 115 925)	Sport & Recreation	15 569	(1 441 763)	(1 426 194)
3 428 110	(3 385 542)	42 568	Waste Water Management	4 526 086	(5 192 100)	(666 014)
-	(1 923 978)	(1 923 978)	Road Transport	-	(12 712 119)	(12 712 119)
2 194 476	(1 602 893)	591 583	Water	4 175 801	(4 743 796)	(567 995)
5 365 847	(4 935 523)	430 323	Electricity	7 761 924	(5 944 782)	1 817 142
						-
27 748 208	(29 346 965)	(1 598 757)	Sub Total	55 713 607	(71 128 414)	(15 414 806)
-	2 610 162	2 610 162	Less Inter-Departmental Charges	-	2 727 108	2 727 108
27 748 208	(26 736 803)	1 011 405	Total	55 713 607	(68 401 306)	(12 687 698)

APPENDIX E(1) - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
MUNICIPAL VOTES CLASSIFICATION

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	3 103 190	6 750 510	(3 647 320)	-54.03%	Less income forgone shown as expence in budget.
Government Grants and Subsidies	39 820 591	13 240 000	26 580 591	200.76%	GRAP presentation
Public Contributions and Donations	1 042		1 042	0.00%	
Fines	5 736	9 000	(3 265)	-36.27%	Traffic fines and late fees library
Actuarial Gains	-	-	-	0.00%	
Property Rates - Penalties & Collection Charges	184 936		184 936	0.00%	
Service Charges	9 626 254	10 410 918	(784 664)	-7.54%	
Rental of Facilities and Equipment	518 737	367 000	151 737	41.35%	
Interest Earned - External Investments	108 887	52 867	56 020	105.96%	Call deposit accounts transferred to Primary acc.
Interest Earned - Outstanding Debtors	329 500	225 000	104 500	46.44%	Interest raised on old debt
Licences and Permits	2 183	1 400	783	55.91%	
Agency Services	812 422	335 000	477 422	142.51%	Vehicle license increases
Other Revenue	1 200 131	1 168 875	31 256	2.67%	
Total Revenue	55 713 607	32 560 570	23 153 037		
EXPENDITURE					
Administration	(4 720 173)	(3 237 749)	(1 482 423)	45.79%	
Cemetary	(134 598)	(46 315)	(88 283)	190.61%	
Communage	(257 958)	(191 950)	(66 008)	34.39%	
Councillor General Expenditure	(1 891 158)	(4 387 048)	2 495 890	-56.89%	
Director Economical Development	(175 341)	(125 000)	(50 341)	40.27%	
Director Finance	(33 042 040)	(5 273 594)	(27 768 446)	526.56%	GRAP Presentation
Electricity	(5 944 782)	(6 964 358)	1 019 576	-14.64%	
Health	(12 881)	(72 000)	59 119	-82.11%	
Library	(602 398)	(498 126)	(104 272)	20.93%	
Parks, Trees and Recreation	(1 441 763)	(920 462)	(521 301)	56.63%	
Rates and Taxes	(100 998)	(4 480 805)	4 379 807	-97.75%	
Sanitation	(5 192 100)	(4 986 010)	(206 091)	4.13%	
Streets & Public Works	(12 712 119)	(1 579 476)	(11 132 643)	704.83%	GRAP Presentation
Streetlights	-	(50 000)	50 000	-100.00%	
Television	(324)	(20 000)	19 676	-98.38%	
Townhall and Buildings	(155 984)	(150 000)	(5 984)	3.99%	
Water	(4 743 796)	(3 216 635)	(1 527 161)	47.48%	
Less Inter-Departmental Charges	2 727 108	3 741 800	(1 014 692)	-27.12%	
Total Expenditure	(68 401 306)	(32 457 728)	(35 943 578)		
SURPLUS / (DEFICIT) FOR THE YEAR	(12 687 698)	102 842	(12 790 540)	-	

APPENDIX E(1) - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	3 103 190	5 895 135	(2 791 945)	-47.36%	Less income forgone shown as expence in budget.
Government Grants and Subsidies	39 820 591	11 720 672	28 099 919	239.75%	GRAP Implementation Grants received and expend
Public Contributions and Donations	1 042	1 000	42	4.20%	
Fines	5 736	17 000	(11 265)	-66.26%	Traffic fines and late fees library
Actuarial Gains	-	-	-	0.00%	
Property Rates - Penalties & Collection Charges	184 936	40 000	144 936	362.34%	
Service Charges	9 626 254	8 598 684	1 027 570	11.95%	
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	518 737	480 687	38 050	7.92%	
Interest Earned - External Investments	108 887	63 368	45 519	71.83%	Call deposit accounts transferred to Primary acc.
Interest Earned - Outstanding Debtors	329 500	330 000	(500)	-0.15%	
Licences and Permits	2 183	2 800	(617)	-22.05%	
Agency Services	812 422	335 000	477 422	142.51%	Vehicle license increases
Other Revenue	1 200 131	42 668	1 157 463	2712.72%	
Total Revenue	55 713 607	27 527 014	28 186 593	34	
EXPENDITURE					
Executive & Council	(1 891 158)	(2 340 449)	449 291	-19.20%	
Budget & Treasury	(37 762 213)	(9 734 016)	(28 028 197)	287.94%	GRAP Implementation Grants received and expend
Corporate Services	(100 998)	(2 558 416)	2 457 418	-96.05%	
Planning & Development	(175 341)	(125 000)	(50 341)	40.27%	Buiding plans received
Health	(12 881)	(7 345)	(5 536)	75.36%	
Community & Social Services	(1 151 262)	(943 241)	(208 021)	22.05%	
Sport & Recreation	(1 441 763)	(781 871)	(659 892)	84.40%	GRAP Implementation
Waste Water Management	(5 192 100)	(4 374 503)	(817 597)	18.69%	
Road Transport	(12 712 119)	(1 610 316)	(11 101 803)	689.42%	GRAP Implementation Grants received and expend
Water	(4 743 796)	(2 577 148)	(2 166 648)	84.07%	
Electricity	(5 944 782)	(4 843 158)	(1 101 624)	22.75%	
Less: Interdepartmental Charges	2 727 108	2 419 903	307 205	12.69%	
Total Expenditure	(68 401 306)	(27 475 560)	(40 925 746)	12	
SURPLUS / (DEFICIT) FOR THE YEAR	(12 687 698)	51 454	(12 739 152)	46	

APPENDIX F - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance
UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS							
	R	R	R	R	R	R	R
Health Officer	-	-	-	-	-	-	-
EPWP Projects	779 697	1 705 873	-	-	2 485 571	-	-
MIG Projects Oxidation dams	3 430 284	11 303 545	-	-	-	7 169 956	7 563 874
Financial Management Grant	372 077	3 000 000	-	-	3 372 077	-	-
Municipal Systems Infr Grant	320 411	750 000	-	-	1 070 411	-	-
LG Seta Skills Development	34 150	7 269	-	-	41 418	-	0
District Mun Surplus Funds	-	964 363	-	-	964 363	-	-
Housing Project	-	13 476 581	-	-	13 476 581	-	-
NALA	-	325 000	-	-	325 000	-	-
Library Development Fund	-	350 000	-	-	350 000	-	-
	-	-	-	-	-	-	-
Total	4 936 620	31 882 632	-	-	22 085 422	7 169 956	7 563 874